

# Update

## MassHealth Moves Toward HIPAA Compliance

### What is HIPAA?

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires the Department of Health and Human Services to establish national standards for electronic health-care transactions and national identifiers for providers, health plans, and employers. It also addresses the security and privacy of health data.

As a result of this law, the federal government has issued many new rules, including the following three. The Transaction Rule requires covered entities (health plans, health-care providers and health-care clearinghouses) to conduct all electronic transactions in a standard format. The Privacy Rule requires covered entities to protect the privacy of the health information they hold. The Security Rule requires covered entities to use appropriate safeguards to protect the confidentiality, integrity, and availability of their electronic health information.

Covered entities that transmit health information electronically must comply with the Transaction standards by October 16, 2002, unless they have followed the procedures to request a one-year compliance extension through the Centers for Medicare and Medicaid Services (CMS). Information about extension requests can be found on the CMS Web site at: <http://www.cms.gov/hipaa/hipaa2/>.

### How MassHealth is preparing for HIPAA

The Division of Medical Assistance (Division) is continuing to work toward the Transaction Rule compliance date of October 16, 2002. Please note, however, that we are requesting an extension until October 2003 to allow more time for testing and to create a smoother transition for our provider community.

MassHealth-specific Companion Guides, provider transmittal letters, bulletins, message texts, and this newsletter are some of the ways we will keep you informed about our progress with HIPAA, and any action items required for providers. Written materials will also be available on (and downloadable from) the Division's Web site (<http://www.mass.gov/dma>). MassHealth Provider Services continues to be a resource for providers and their representatives.

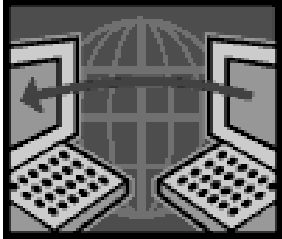
MassHealth providers will be required to sign and return a Trading Partner Agreement (TPA) before conducting any standard HIPAA transactions with MassHealth. In the TPA, you will need to agree, among other things, to comply with the terms of your provider agreement, and to conform to the Specifications Addenda and Companion Guides applicable to the transactions you wish to conduct.

The Division anticipates that although its Specifications Addenda and Companion Guides will change over time, the TPA will be a static document that will rarely, if ever, need to be re-executed. Providers should be aware that they may receive TPAs from all the payers with whom they have a relationship.

As soon as the Division implements each standard HIPAA transaction, we will distribute the associated Specifications Addendum, Companion Guide, and any other related documents. Providers who have already signed the MassHealth TPA may then begin using that transaction, dependent upon any testing requirements. Note that in some cases, testing may need to occur before you receive final authorization to send/receive a particular transaction; in other instances, testing may be waived.

*(continued on page 2)*

## MassHealth Moves Toward HIPAA Compliance (cont.)



*Initial testing will begin later this summer.*

HIPAA mandates standards for electronic claims, but does not require providers to submit their claims electronically. Initially, there will be no changes to MassHealth paper claim submission procedures. However, providers are encouraged to bill claims electronically. For information on submitting claims electronically, call Electronic Claims Services at 617-576-4065 or e-mail [maemc@unisys.com](mailto:maemc@unisys.com).

Electronic billing intermediaries and providers submitting directly to MassHealth will be required to test before submitting electronic claims for production. The criteria for selecting beta-testing partners are currently being defined.

### What you should do to prepare for HIPAA

Providers should begin to familiarize themselves with the HIPAA regulations and implementation guides, which can be found on the Internet at: [http://hipaa.wpc-edi.com/hipaa\\_40.asp](http://hipaa.wpc-edi.com/hipaa_40.asp); [www.hcfa.gov/medicaid/hipaa](http://www.hcfa.gov/medicaid/hipaa); and <http://snip.wedi.org/>.

Next you should talk with your IT staff, clearinghouse, software vendor, or billing intermediary, as applicable, and ask about their HIPAA readiness. Ask which transactions they will or will not support, and if upgrades in any of your existing software are needed.

If you choose to request an extension, remember that only covered entities (plans, clearinghouses, and providers) can apply for an extension. Software vendors and billing intermediaries cannot file requests on behalf of their clients.



*Providers will be able to verify member eligibility through the Internet.*

## MassHealth Launches Web-based Eligibility Option

MassHealth is scheduled to launch a Web-based Recipient Eligibility Verification System (REVS) option in July 2002. Electronic Data Systems (EDS), which manages the REVS function for MassHealth, partnered with several MassHealth providers to test and evaluate this new REVS option, and will soon roll it out to all active providers.

This application will give MassHealth providers the ability to verify member eligibility via the Internet in a HIPAA-compliant manner. This is the first Internet-based application for MassHealth and the first to meet HIPAA standards.

Since the application makes use of existing Internet connections, there are no additional software programs that need to be installed by providers. Users will be able to grant access to other staff, as well as manage identification and password information.

MassHealth providers will be required to sign a Trading Partner Agreement (TPA) and return it to EDS before taking advantage of this new option. EDS will then issue a unique Trading Partner number. (For more about TPAs, see page 1 of this newsletter.)

Providers will soon receive a bulletin from the Division that includes the standard Trading Partner Agreement, a Specifications Addendum for the HIPAA 270/271 Eligibility Inquiry/Response Transaction, and further instructions.

## Division Participates in Vendor Forum

The Division was pleased to join with other Massachusetts payers, industry representatives, and provider professional associations to sponsor a Vendor Forum on May 7, 2002, at the Massachusetts Medical Society in Waltham. Billing agencies, software vendors, and clearinghouses play a critical role in ensuring that providers will be ready for HIPAA implementation, which is why meeting with them was so important.

The Vendor Forum consisted of a select group of software vendors, billing agencies, and clearinghouses identified by payers as representing a significant portion of the provider community. A similar program for all vendors will be held at a later date. The goal of the forum was to provide an opportunity for discussion, and to set the stage for collaboration to ensure an efficient and smooth transition for health-care providers.

Payers presented an outline of their current status and HIPAA activities. The presentations were followed by round-table discussions on the following topics:

- Readiness and Extension Requests
- Certification and Testing
- Communication and Education
- Payer Support to Vendors

Participating payers included: Associated Hospital Services, Beacon Health Strategies, Blue Cross Blue Shield of Massachusetts, Boston Medical Center HealthNet, Centers for Medicare and Medicaid Services, Fallon Community Health Plan, Harvard Pilgrim

Health Care, Massachusetts Behavioral Health Partnership, MassHealth, National Heritage Insurance Company, Neighborhood Health Plan, and Tufts Health Plan. The forum was the product of a workgroup facilitated by the Massachusetts Health Data Consortium.

Of those vendors who responded to the survey attached to the invitation, one-third reported their current status as conducting needs assessment/remediation. Another third reported their current status as in the testing stage. The remainder had various products at different levels. None had rolled out any version of their software as HIPAA compliant.

All vendors who answered the question, "What HIPAA-compliant transactions will you support?" indicated they would support the 837-claim and 835-remittance advice transactions. One-third said they would support the 270/271-eligibility and response transactions as well as the 276/277-claim status and response transactions. Several vendors are evaluating the non-claims transactions. An explanation of HIPAA transaction numbers appears in the HIPAA Frequently Asked Questions on the back page of this newsletter.

The Division will continue to schedule informational sessions with software vendors, intermediaries, and provider professional associations in the coming months. Provider training sessions are currently scheduled for fall 2002. You will be notified after the timeline is finalized.



*Vendor Forum, May 7, 2002*

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***The Division will schedule additional sessions in the coming months.***

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*Small discussion groups were formed to address HIPAA-specific topics.*

## HIPAA Frequently Asked Questions

### **Does HIPAA affect how I submit claims to MassHealth?**

If you use electronic media to transmit claim information, you are considered a “covered entity” under HIPAA and must comply with its regulations.

### **What are the definitions of the transaction numbers?**

**Claims (837)**-health care claims and equivalent encounter information; **Retail pharmacy claims (NCPDP 5.1)**-retail pharmacy claims and equivalent encounter information; **Remittance advice (835)**-health-care payment and remittance advice; **Enrollment (834)**-enrollment and disenrollment in a health plan; **Premium payment (820)**-health plan premium payments; **Prior authorization (278)**-referral certification and authorization; **Claim status inquiry and response (276/277)**-health claim status; **Eligibility and response (270/271)**-eligibility for a health plan.

### **Since MassHealth is filing an extension request, do I still need to file one?**

If you will not be compliant by the due date and you submit electronic transactions to any other payer who does not request an extension, you will need to file an extension request. To determine if any of your trading partners have filed an extension request, check with all of your payers (both public and private), and your claims clearinghouses, if applicable.

### **Will a provider get both an 835-remittance advice response and the current standard MassHealth remittance advice?**

Initially, providers submitting 837 HIPAA claim transactions will receive both. We are planning to also send the current paper remittance advice to providers as it contains more information than is available with the 835-remittance advice transaction. The usefulness of this will be reevaluated after providers and the Division have more experience with the 835 transactions, and can better gauge their effectiveness.

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